

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Rainey Analyst: Gloria McConnell Bill Number: SB 1508

Related Bills: _____ Telephone: 845-4336 Amended Date: 07/16/98

Attorney: Janet Ballou

Sponsor: _____

SUBJECT: Child Support Delinquencies/Public Agencies/Claims for Damages/FTB Orders to Withhold

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED 02/06/98 and AMENDED 04/14/98 STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

This bill would require public agencies to notify Franchise Tax Board (FTB) before making payments where the amount to be paid to the individual on administrative or judicial actions for damages (claims) is at least \$500. If FTB determines the claimant owes child support arrearages, FTB would have five business days to issue to the public agency an order to withhold (OTW) payment from the claimant. If the OTW is not issued by FTB within five business days, the public agency is required to pay the claim to the individual. Any withheld payment would be remitted to FTB 10 business days after receipt of the OTW. Upon receipt of the OTW, the public agency would be required to issue notice of the OTW to the claimant.

Liens for medical and legal expenses, workers' compensation and governmental liens directly connected with the claim would be superior to an OTW for child support.

The FTB would be required to report to the Legislature no later than January 1, 2002, various data regarding the implementation and administration of the bill and, to the extent possible, identify the statewide costs incurred in complying with and recommendations for improving the process added by this bill. The provisions of the bill would be repealed on January 1, 2003, unless the sunset is deleted or extended.

SUMMARY OF AMENDMENT

These amendments would:

- Provide that "claims" expressly would not include applications for workers' compensation.

Board Position:

☐ S ☐ NA ☐ NP
☐ SA ☐ O ☐ NAR
☒ X ☐ N ☐ OUA ☐ PENDING

Department/Legislative Director

Date

Johnnie Lou Rosas

8/6/98

- Remove the specified process for resolving lien priority disputes.
- Expand the list of liens taking priority over child support to include workers' compensation and governmental liens directly connected with the claim.
- Provide that collections will be made by FTB under this bill for all counties, including those counties exempt from mandatory referral of delinquent child support accounts to FTB for collection, unless collection would not be in the best interest of the obligee or child.
- Require that FTB would make its determination as to whether delinquent child support is owed by using information from counties that have referred their delinquent child support accounts to FTB as well as from the files compiled on a monthly or more frequently basis by counties for the matching of bank accounts.

Implementation Considerations

All implementation considerations previously raised have been resolved. In the event of a dispute as to lien priority, FTB anticipates that, as provided under current civil law, the notifying agency would file an interpleader action in Superior Court to resolve the dispute.